

Coal on trial

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Matthew Brown

BILLINGS, Mont. -- In federal and state courtrooms across the country, environmental groups are putting coal-fueled power plants on trial in a bid to slow the industry's biggest construction boom in decades.

At least four dozen coal plants, including two in Wyoming, are being contested in 29 states, according to a recent Associated Press tally. The targeted utilities include giants like Peabody Energy and American Electric Power down to small rural cooperatives.

From lawsuits and administrative appeals against the companies, to lobbying pressure on federal and state regulators, the coordinated offensive against coal is emerging as a pivotal front in the debate over global warming. The issue is of particular interest in Wyoming, the nation's No. 1 coal producer.

"Our goal is to oppose these projects at each and every stage, from zoning and air and water permits, to their mining permits and new coal railroads," said Bruce Nilles, a Sierra Club attorney who directs the group's national coal campaign. "They know they don't have an answer to global warming, so they're fighting for their life."

Industry representatives say the environmentalists' actions threaten to undermine the country's fragile power grid, setting the stage for a future of high-priced electricity and uncontrollable blackouts.

"These projects won't be denied, but they can be delayed by those who oppose any new energy projects," said Vic Svec, vice president of the mining and power company Peabody Energy.

While observers say forecasts of power grid doom are exaggerated, the importance of coal -- one of the country's cheapest and most abundant fuels -- is undeniable.

Coal plants provide just over 50 percent of the nation's electricity. They also are the largest domestic source of the greenhouse gas carbon dioxide, emitting 2 billion tons annually, about a third of the country's total.

Environmental groups cite 59 canceled, delayed or blocked plants as evidence they are turning back the "coal rush." That stacks up against 22 new plants now under construction in 14 states -- the most in more than two decades.

Mining companies, utilities and coal-state politicians promote coal in the name of national security, as an alternative to foreign fuels. With hundreds of years of reserves still in the ground, they're also pushing coal-to-diesel plants as a way to sharply increase domestic production.

'Irreversible'

The outcome of the fight over coal could determine the nation's greenhouse gas emissions for years to come, said Gregory Nemet, assistant professor of public affairs at the University of Wisconsin.

"It's pretty much irreversible," Nemet said. "Once a coal plant is built, it will last 50 years or so."

But in opposing coal projects across the board, environmentalists risk hobbling more advanced coal plants that could rein in at least some of those emissions, Nemet said. He added that rising demand for electricity means more power "has to come from somewhere."

"There's too much pressure -- in terms of energy independence and the inexpensiveness of that resource -- to not use that coal," Nemet said.

One of the latest challenges to a utility comes in the heart of coal country -- Wyoming. A number of conservation groups, including the Sierra Club, have challenged the state's air pollution permit for Basin Electric Power Cooperatives 385-megawatt Dry Fork Station power plant to be located a few miles north of Gillette. It's expected to pump more than 3 million tons of carbon dioxide into the atmosphere for the next 40 years.

Also facing opposition is Two-Elk Generation Partners' planned 320-megawatt power plant near Wright.

Nilles said the Sierra Club spent about \$1 million on such efforts in 2007 and hopes to ratchet that figure up to \$10 million this year.

Meanwhile, coal interests are pouring even more into a promotional campaign launched by the industry group Americans for Balanced Energy Choices. It spent \$15 million last year and expects to more than double that to \$35 million in 2008, said the group's director, Joe Lucas.

Funding for the group comes from coal mining and utility companies such as Peabody and railroads that depend on coal shipments for a large share of their revenues.

Power deficit?

Peabody's Svec acknowledged a rush to build new plants, but denied the goal was to beat any of at least seven bills pending before Congress to restrict carbon dioxide emissions -- a charge leveled by some environmentalists.

Rather, he said, the construction boom is driven by projections that the country will fall into a power deficit within the next decade if new plants are not built.

Industry attorney Jeffrey Holmstead said that could lead to a future of rolling blackouts as the economy expands and electricity consumption increases. Holmstead was in charge of

the U.S. Environmental Protection Agency's air program during the first five years of the current Bush administration.

The power deficit cited by industry officials is based on projections from the North American Electric Reliability Corporation. NERC vice president David Nevius said his group is "neutral" on what kind of plants should be built to meet rising demand.

"We're not saying the lights will go out. We're just saying additional resources are needed," Nevius said. "We don't say coal over gas over wind over solar."

Galvanized opposition

Utilities currently burn more than 1 billion tons of coal annually in more than 600 plants. Over the next two decades, the Bush administration projects coal's share of electricity generation will increase to almost 60 percent.

That projection held steady in recent months even as courts and regulators turned back, delayed or asked for changes to plants in at least nine states.

Other projects in Utah, Texas, Florida and several other states have been abandoned or shelved.

Some were canceled over global warming concerns. Utilities backed off others after their price tags climbed over \$1 billion due to rising costs for materials and skilled labor.

Environmental opposition to coal plants was galvanized by a U.S. Supreme Court decision in April that said carbon dioxide is a pollutant open to regulation.

The case, Massachusetts vs. U.S. Environmental Protection Agency, involved vehicle emissions. But environmentalists aim to use the decision as a fulcrum to leverage regulators to take a harder line on greenhouse gases in several emerging power plant disputes.

The result could serve as an early barometer of the reach of the Supreme Court ruling.

More tests of the two sides' arguments are certain. Industry groups say at least 15 coal-fired power projects are nearing the end of the approval process and could soon start construction.